



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Del D. Borgsdorf

**SUBJECT: VOLUNTARY FURLOUGH
AND SPECIAL REDUCED
WORK WEEK PROGRAM**

DATE: May 26, 2004

RECOMMENDATION

Approval of a Voluntary Furlough and a Special Reduced Work Week Program to be offered during the 2004-2005 fiscal year, resulting in an estimated General Fund savings of \$350,000 which would be available for budget balancing purposes. To the extent that there is a General Fund savings in excess of the estimated \$350,000, it is recommended that those moneys be held to establish a 2005-2006 Future Deficit Reserve. The program would be subject to "meet and confer" with representatives from the employee bargaining units.

BACKGROUND

The implementation of a Voluntary Furlough and a Special Reduced Work Week Program in the 2003-2004 fiscal year resulted in significant savings. With approximately 850 employees participating in the Voluntary Furlough and Special Reduced Work Week Programs in the 2003-2004 fiscal year, the City was able to achieve a savings of approximately \$633,000 in the General Fund. The savings generated from the Voluntary Furlough and Special Reduced Work Week Programs was placed in the 2004-2005 Future Deficit Reserve.

ANALYSIS

The Voluntary Furlough Program would allow any City employee to voluntarily take unpaid leave of up to forty (40) hours during the 2004-2005 fiscal year without the loss of accrued benefits such as vacation, sick leave and seniority. Employees would be able request this time off without pay based on departmental approval to be used consecutively, or intermittently throughout the fiscal year. Time off requests will be coordinated with the employee's supervisor, allowing for flexibility while minimizing, in so much as possible, impact to customer service. Employees who request furlough time off, and are approved for the elected number of hours, would be committing to taking the designated time off without pay. The time frame for

ANALYSIS (Cont'd.)

enrollment and participation in the Voluntary Furlough Program will be determined based on discussions with the employee bargaining units.

The current Reduced Workweek Program (RWW) allows full-time employees to temporarily reduce their weekly schedule to less than forty (40) hours per week. Requests received for personal reasons are subject to supervisory approval. Employees who enter into a RWW agreement have their benefits prorated as follows:

- 35-39.9 HRS per week = Full time benefits
- 30-34.9 HRS per week = 75% benefits
- 25-29.9 HRS per week = 62.5% benefits
- 20-24.9 HRS per week = 50% benefits

The Special Voluntary Reduced Workweek Program would allow permanent full-time employees to elect a reduced workweek schedule reducing their hours as low as thirty-two (32) hours per week for a period of up to one (1) year and maintain 100% benefit status for medical, dental and life insurance benefits. Employees must maintain the RWW agreement for the balance of the 2004-2005 fiscal year (until July 2005). Changes to the RWW program will affect the benefit proration as follows:

- **32-39.9 HRS per week = Full time benefits**
- 30-31.9 HRS per week = 75% benefits
- 25-29.9 HRS per week = 62.5% benefits
- 20-24.9 HRS per week = 50% benefits

This increase in benefit status will only be available through this program on a temporary basis for up to one (1) year. All other current Reduced Workweek policy guidelines and procedures will remain in effect during this program. As stated in the current Reduced Workweek policy, employees maintain their full-time status and all rights to their full-time position.

The estimated decrease in General Fund savings from the 2003-2004 fiscal year, to the 2004-2005 fiscal year is based on the following factors:

- The reduction of total filled positions resulting from the 2004-2005 proposed budget and the continuation of frozen positions. This may result in fewer opportunities for employees to participate in either program due to the operational impact of additional time off of work in conjunction with accrued vacation, and comp-time balances.
- Employees who took part in the program last fiscal year may not be interested in, or financially able, to participate for two consecutive years.

ANALYSIS (Cont'd.)

- The extent to which employees will not receive any general wage increase in the 2004-2005 fiscal year may impact their desire or ability to participate in either program.

It is predicted that these factors may result in up to a 45% decrease in participation, decreasing the estimated General Fund savings to \$350,000.

A Voluntary Furlough Program and a Special Reduced Workweek Program for the 2004-2005 fiscal year would be subject to the “meet and confer” process. The particular guidelines of the program will be discussed with representatives from the employee bargaining units over the next 30 days.

/s/
Del D. Borgsdorf
City Manager